



COUNTY OF SONOMA

PERMIT AND RESOURCE MANAGEMENT DEPARTMENT

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To: Board of Supervisors, Planning Agency, Kathleen Kane, Mark Krug, Bob Branson, Chris Thomas, Peter Rumble, Sue Gallagher, Pete Parkinson, Jennifer Barrett, Greg Carr, Dean Parsons, **State Department of Housing & Community Development (HCD)**, State Office of Planning Research (OPR)

From: Jane Riley, Planner III (Housing)
Permit & Resource Management Department
County of Sonoma

HOUSING POLICY
DEVELOPMENT, HCD

MAR 25 2008

Subject: Annual General Plan Status Report
Year ending December 31, 2007

Date: April 1, 2008

EXECUTIVE SUMMARY

During calendar year 2007, Sonoma County experienced a slight increase in most types of residential permits issued over 2006 levels. However, residential permit activity continues to be down from 2005 levels. While the Permit and Resource Management Department (PRMD) continues to experience affordable housing-related activity resulting from the Board of Supervisors's 2005 adoption of new housing programs, permits for affordable units are significantly down from 2005 levels. The County issued building permits for a total of 85 affordable units during calendar year 2007, and approved planning entitlements for an additional 25 affordable units. Issuance of permits for second dwelling units continues to increase.

Despite the recent economic downturn, performance during this Housing Element period with respect to affordable housing units produced continues to be much stronger than during the previous period. While during the previous Housing Element period, the County's affordable permits averaged just over 17% of all permits issued, during this Housing Element period a total of almost 42% of the new residential permits issued have been for affordable units.

The County has achieved 51% of its overall Regional Housing Need Allocation (RHNA) and 91% of its housing objectives. The County has met its objective for above-moderate income housing. While the County has provided well over 1,000 affordable units in this planning period, it nonetheless remains behind its targeted objective for lower and moderate-income housing units.

INTRODUCTION

Government Code §65400 requires local agencies to provide an Annual General Plan Status Report (Annual Report) to the Board of Supervisors, the California Office of Planning and Research (OPR), and the California Department of Housing and Community Development (HCD) by April 1st of each year. The purpose of the Annual Report is to provide an annual update to both the Board of

Supervisors and the State on the County's progress in implementing the various policies and programs of its General Plan, with an emphasis on reporting its progress toward attaining its Housing Element Objectives. This memorandum, together with its attachments, constitutes the required Annual Report for the calendar year ending December 31, 2007.

Pursuant to the requirements of Government Code §65400 for jurisdictions currently undertaking a comprehensive General Plan update, a brief report on the status of the General Plan Update is included at the end of this Annual Report. Because the comprehensive update of the Sonoma County General Plan is currently underway, the Annual Report is focused on providing that specific housing-related information required by the Government Code, which includes the following components:

- 1) A numerical report of the County's progress in attaining its "fair share" of the regional housing need, by income category, and of its progress in achieving its quantified objectives;
- 2) A discussion of the County's progress in implementing the policies and programs set forth in the Housing Element; and,
- 3) The measures which have been taken by the County to remove or reduce governmental constraints to the production of housing, as identified within the Housing Element.

2007 CONSTRUCTION ACTIVITY

During calendar year 2007, the Building Division reported 162 building permits issued (not counting replacement homes) for single-family units and 82 permits issued for Second Dwelling Units (see *Table 1*, below). Additional permits were issued for mobile homes on land, for a few multi-family units, and for farmworker housing units and residential care facilities.

Table 1: Residential Permits Issued During 2007, by Type

Unit Type	Total
Single-Family Homes (not including replacement units)	162
Multiple-Family Homes (units)	22
Second Dwelling Units	82
Ag Employee Units, Farm Family Units, and Mobile Homes	32
Ag Bunkhouses (containing bunks for 62 workers)	2
Total Residential Permits Issued (Units)	300

Second Dwelling Units

A total of 82 new second dwelling units were issued building permits during 2007, including 7 attached units, 69 detached units, and 6 manufactured second units. Because of their limited size, second dwelling units are considered affordable even without the imposition of long-term deed restrictions. The most recent survey of second dwelling units, conducted during the summer of 2006, showed that the average rent for a detached second dwelling unit (when rent was charged) was on the low end of the "moderate" income range. Rents for attached units and for units converted out of existing space were generally rented at no more than the "lower" income level.

Units for Farmworkers

As a rural agricultural county, Sonoma has a significant need for farmworker housing. To this end, the County's objectives include the provision of both year-round and seasonal accommodations for farmworkers. During 2007, permits were issued for a 24-bed seasonal farmworker housing facility, a 38-bed year-round farmworker housing facility, and four "agricultural employee" units.

REGIONAL HOUSING NEEDS AND LOCAL OBJECTIVES

The Association of Bay Area Governments (ABAG) has adopted a Regional Housing Needs Allocation (RHNA), pursuant to Government Code Section 65584, for all jurisdictions within the County of Sonoma. In order to provide for the projected population growth within the region, Sonoma County was determined to need 6,799 new housing units by the end of 2006, including 1,563 units affordable to moderate-income households and 2,457 units affordable to lower (very-low and low) income households. As of the end of 2006, the County had provided 1,039 lower-income units, 376 moderate-income units, and 2,083 above-moderate income units. The remaining need during this planning period, which the state legislature has now extended until June 30, 2009, is for 1,388 lower-income units, 1,187 moderate-income units, and 726 above-moderate income units. This information is provided in Attachment 2: Sonoma County's Progress in Meeting its Regional Housing Need Allocation, attached at the end of this report.

Quantified Objectives for Lower- and Moderate-Income Housing Units

Pursuant to Government Code 65583 (b), where the RHNA exceeds available resources, the Quantified Objectives need not be identical to the RHNA. Under these circumstances, the Quantified Objectives must establish the maximum number of housing units by income category, that can be constructed, rehabilitated, or conserved over the 5-year period.

Sonoma County's certified Housing Element identifies 5-year Quantified Objectives which provide for approximately 46% of the identified regional housing need. The Quantified Objectives include a total of 1,571 units for lower and moderate income households to be provided during the 5-year planning period (by the end of 2006). As of the end of 2007, the County had provided 1,053 affordable units, including 444 very-low income units, 321 low-income units, and 288 units for moderate income households (see Table 2, following).

Table 2: Housing Element Quantified Objectives for Affordable Housing, 2001-2006
as of 12/31/2007

Targeted Income Group	Quantified Objective	Permits Issued	Units Approved¹	Total Provided	% of QO Provided	Objective Remaining
Very-Low	705	444	0	444	63%	261 units
Low	504	304	17	321	64%	183 units
Moderate	362	280	8	288	80%	74 units
Above Moderate	1,317	1,434	127	1,561	119%	0

¹ Includes units for which planning and/or plan check applications have been approved, but for which building permits have not yet been issued. Does NOT include units in projects which are currently in the entitlement process but which have not yet received approvals.

As Table 2 shows, with the 5-year Housing Element planning period having elapsed, the County has exceeded its target for above-moderate units and has achieved 91% of its overall objectives. In spite of the progress made during the planning period, the County did not meet its affordable housing objectives for very-low, low and moderate-income housing units.

ACTIONS UNDERTAKEN TO IMPLEMENT HOUSING ELEMENT PROGRAMS

A large number of actions were undertaken by the County during this Housing Element planning period to implement the housing policies and programs set forth in the adopted Housing Element. A chart summarizing the County's progress to date on each of the Housing Element Programs is attached at the end of this Annual Report. Highlights of the actions taken to date are provided below:

Removing Governmental Constraints

In June of 2005, the Board of Supervisors adopted the following Zoning Code amendments designed to remove governmental constraints to housing:

1. Reduced standards for high-density development projects, including Type A density bonus projects in order to facilitate development of infill sites for affordable and high-density housing.
2. Revised standards for second dwelling units to allow second units to be created within or attached to larger agricultural structures, allowing the legalization of a number of non-permitted units which had been in the Code Enforcement abatement process.
3. Reduced standards for mobile home parks to allow existing parks to be expanded, and to reduce the acreage required to create a new park from 4 acres to 2 acres.
4. Amended the Zoning Code to allow farmworker housing on parcels that are otherwise protected by Williamson Act (Agricultural Preserve) contract.
5. Reduced the minimum number of units required for participation in the County's 100% density bonus programs. For Type A (rental) projects, the minimum number of base units was reduced from 4 to 2; for Type C (ownership) projects, the minimum number of base units was reduced from 5 to 4. This change was made to facilitate development of affordable units on small infill parcels, as well as to allow the legalization of a number of units that had been in the Code Enforcement abatement process.

Recent Results: The changes to the second dwelling unit provisions have allowed legalization of at least 10 units, and has prompted additional units that could not previously been legalized to "come in" for permits. No applications for new mobile home parks have been received to date; however, meetings have been held with potential applicants with regard to possible expansion of existing mobile home parks.

As discussed in the "Adequate Sites Monitoring and Inventory Update" portion of this report, below, the County has been able to add additional housing sites to its inventory as a result of these changes.

Increasing Opportunities for Housing

During calendar year 2005, the Board of Supervisors adopted the following Zoning Code amendments designed to further increase opportunities for housing development:

1. Adoption of a new Work-Live Ordinance, allowing integrated residential units within the M1 Urban Industrial Zone District.
2. Adoption of a new Mixed-Use Ordinance, allowing residential uses within all urban commercial zone districts.

3. Adoption of a new SRO Ordinance, allowing single-room occupancy facilities, with a Use Permit, in all urban commercial zoning districts.

Recent Results: As a result of these changes to the Zoning Code, staff are processing applications for several different mixed-use housing projects, including some which would provide affordable units, and related commercial space. No new SRO facilities have been proposed to date.

Promoting the Production of Housing

During calendar year 2005, the Board of Supervisors adopted a comprehensive Affordable Housing Program, including the following:

1. Affordable Housing Program for Residential Development (Inclusionary Housing). Requires that all new residential development either include affordable units on-site, pay an in-lieu fee, or provide an equivalent alternative.
2. Affordable Housing Program for Non-Residential Development (Workforce Housing Program). Requires that all new non-residential development of more than 2,000 square feet either provide workforce housing units on-site, pay an in-lieu fee, or provide an equivalent alternative.
3. A new fee deferral program for affordable housing development was also adopted during 2005.

Recent Results: Since the effective date of these programs on October 1, 2005, the County has collected \$2,483,870 in affordable housing in-lieu fees, including \$80,843 in workforce housing fees. Affordable housing fees collected during calendar year 2007 were \$869,391. Most of the building permit applications received for new single family homes subject to the fees included the provision of a second dwelling unit where possible rather than payment of the in-lieu fee. Fees go into the County Fund for Housing (CFH), and have been utilized for site acquisition and development costs for affordable housing projects. The most recent projects funded with CFH monies are the West Hearn Avenue Transitional Housing for Homeless Veterans project and the proposed Guerneville Fifth and Mill Street rental housing project. The 2007 CFH Status Report is attached.

ADEQUATE SITES MONITORING & INVENTORY UPDATE

Housing Element Program #10 requires the County to conduct an annual review of the status of the housing sites listed in the Housing Element's urban land inventory (Table 7.5) and the use of the listed sites to accommodate the County's share of the regional housing need. Where the review has shown that the identified sites were developed for other than residential purposes, or developed a substantially lower density than anticipated, the County has identified additional sites to be made available and /or provided additional incentives to facilitate the development or redevelopment of existing sites for residential purposes.

A comprehensive review of the County's sites that are available for all types of housing was undertaken during 2006. Recent changes to state law will require the County to undertake a more rigorous analysis of the potential constraints to development for inventoried housing sites in its next Housing Element Update. These new standards were voluntarily begun to be implemented with the 2006 inventory update. The inventory update found that 16 of the sites shown in the original Table 7.5 had been developed with 145 dwelling units, including 104 affordable units and one fully accessible unit. A total of five of the original sites were dropped from the available sites listing due to existing constraints to development. After reviewing site-specific information about the remainder of the original sites, the County reduced the likely development potential on an additional nine sites due to site-specific development constraints, including flooding and slope constraints.

However, five new sites were identified and made available for housing through General Plan Amendments and/or Rezoning; another four sites that had been identified as potential Affordable Housing Overlay (AHO) sites have been rezoned and made available ahead of the adoption of GP2020; and eight additional sites were identified and added to the available sites inventory. The updated Table 7.5, revised pursuant to Program #10, contained sites with the capacity for 2,147 units, including 1,377 Type A and 770 Type C units. These sites have utilities available and are suitable for the development of housing units affordable to very-low, low, and moderate-income households at densities of approximately 10 to 30 units per acre. The 2006 update to the County's housing inventory was transmitted to HCD in September of 2006, and after a comprehensive review, HCD confirmed that, with these Table 7.5 sites along with the remaining sites otherwise available under the Housing Element, the County continues to have adequate housing sites to meet its remaining RHNA.

During 2007, one additional infill housing site was developed with 7 units, including a fully accessible unit. This development removed the 0.67 acre Site #56 from inventory, leaving a remaining capacity for 2,140 units in Table 7.5. Pursuant to Housing Element Program #10, no further action is necessary on the part of the County. Nonetheless, an additional 6 sites with the potential for 375 new Type A units are in the process of being rezoned to allow high-density affordable housing as a part of the GP2020 update currently under review by the Board of Supervisors.

COMPREHENSIVE GENERAL PLAN UPDATE

In March 2001, the Sonoma County Board of Supervisors authorized PRMD to initiate an issue-focused update of the County's General Plan (referred to as GP2020).

Following public meetings held throughout the County during 2001, the Citizen's Advisory Committee (CAC) appointed by the Board of Supervisors met to review input from the meetings and formulate a recommended scope of work for GP2020. The Board of Supervisors approved the scope of work in January 2002. Between then and 2005, the CAC held more than 120 fully-noticed public meetings to consider background information, policy options and public input, and developed a recommended Draft GP2020.

In February 2006, the Planning Commission began fully-noticed public hearings on Draft GP2020 and the accompanying Draft Environmental Impact Report (DEIR). The Planning Commission concluded its hearing and deliberations and recommended adoption of the General Plan to the Board of Supervisors in July 2007. The Board of Supervisors completed its hearings in September, 2008 and is currently in the process of deliberating the Draft Plan. Adoption is anticipated in August, 2008.

LIST OF ATTACHMENTS:

- Attachment 1: Housing Element Program Implementation Table, 12/31/2007
- Attachment 2: Sonoma County's Progress in Meeting its Regional Housing Need Allocation
- Attachment 3: 2007 County Fund for Housing (CFH) Status Report

Housing Element Program	Short Program Description	H. E. Pg. No.	Responsibility	PRMD Staff	Time Frame	Status	Comments/Next Step
9.1 SUSTAIN EXISTING HOUSING PRODUCTION AND PROGRAMS AND AFFORDABLE HOUSING UNITS							
1	Sustain Existing Housing Production and Programs that Create Permanent Affordable Housing	132	CDC, PRMD	JR	ongoing	In place and ongoing	Ongoing
2	Retain Existing Affordable Housing Units Through Acquisition Subsidies	133	CDC, PRMD		ongoing	Ongoing, as-needed as contracts expire	Ongoing. Continue participation as opportunities arise
9.2 PROMOTE THE USE OF AVAILABLE SITES FOR AFFORDABLE HOUSING							
3	Continue to Administer County's Mobile Home Rent Stabilization Ordinance	133	CDC, PRMD		ongoing	Ongoing	Ongoing
4	Improve Information about and Community Acceptance of Affordable Housing	133	CDC, PRMD	JR	2003 and ongoing	Underway	Expanded in 2002; ongoing
5	Expand Priority Processing for Affordable & Farmworker Housing	134	County Permitting Agencies	n/a	ongoing	Ongoing	Continue Annual Staff Training
6	Assist in the Preparation and Adoption of Public Service Master Plans for Urban Service Areas	134	PRMD	GH	New Program part of GP2020	In place and ongoing	GP2020 and Ongoing
7	Notify Utility Providers of their Responsibility to Prioritized Service to Affordable Housing Projects	134	PRMD	JR	New Program part of GP2020	Completed	Completed
8	Package Sewer Treatment Plants	134	PRMD	GH	New Program part of GP2020	Underway	GP2020 - Fall 2008
9	Fund Staffing Dedicated to Housing Element Implementation	134	CDC, PRMD	n/a	beginning 2002 and ongoing w/annual GP report	Completed	Completed
10	Adequate Sites Monitoring Program	135	PRMD	JR	to HCD	Ongoing	Reporting Started 2003
9.3 PROMOTE PRODUCTION OF AFFORDABLE HOUSING UNITS							
11	Preparation of Affordable Housing Combining District	135	PRMD	DP	New Program part of GP2020	Underway	GP2020 - Fall 2008
12	Increase Opportunities for Second Units	135	CDC, PRMD	JR	June-03	Completed	Completed
13	Promote Density Bonus Development in Unincorporated Urban Area	136	CDC, PRMD	JR	Feb. 03 and ongoing	In place and ongoing	Ongoing
14	Increase Opportunities for Farmworker Housing	136	PRMD	JR	New Program part of Dev. Code	Completed	Completed
15	Expand Opportunities and Provide Incentives for Mixed Use Development	136	PRMD	JR	New Program part of Dev. Code	Completed	Completed
16	Single Room Occupancy Hotels in Urban Commercial Districts	136	PRMD	DP	New Program part of GP2020; due 2003	Completed	Completed
17	Inventory, Legalize, and Conserve Existing SRO Supply	137	PRMD	JR	Inv: Jun-Aug 03 Ord: Jan-April 04	Underway	Inventory completed
18	Long Term Residency in RV Campgrounds	137	PRMD	DP	New Program part of IDC Update 2003	Underway	GP2020 - Fall 2008
19	Mobile Home Parks in all Urban Service Areas	137	PRMD	KJ	New Program	Completed	Completed

Housing Element Program	Short Program Description	H. E. Pg. No.	Responsibility	PRMD Staff	Time Frame	Status	Comments/Next Step
20	Flexible Development Standards for Infill Projects	137	PRMD	KJ	New Program	Completed	Completed
21	Allow Housing Program Opportunity Projects within a 1/4 mile of Each Other without Use Permit	138	PRMD	JR	May-03	Completed	Completed
22	Amend Zoning Ord. To Include Inclusionary Zoning, Second Units and Housing In-Lieu Fees	138	PRMD	JR	April-Dec 03	Completed	Completed
23	Require Urban Residential Lots to be Built Above Minimum Density	138	PRMD	JR	May-03	Completed	Completed
24	Preparation of General Plan Policy Allowing Affordable Housing on Parcels Adjoining Urban Service Boundaries	138	PRMD	DP	New Program part of GP 2020 Update	Underway	GP2020 - Fall 2008
25	Grant "Amnesty" for Illegal Units in Exchange for Affordable Restrictions	138	CDC, PRMD	JR	July-03	Initiated	Significant staff research needed

9.4 INCREASE FUNDING FOR AFFORDABLE HOUSING

26	Establish Housing Element Trust Fund	139	CDC, PRMD	JR	by 7/1/03 and ongoing	Completed	Completed
27	Give Discretionary Funding Preference to Nonprofits for Affordable Housing Projects	139	CDC	n/a	New Program beginning 2001	In place and ongoing	Ongoing
28	Create More Parcels for "Recreation and Visitor-Serving Commercial" Uses	140	PRMD	SB	New Program part of GP 2020 Update	Underway	GP2020 - Fall 2008
29	Participate in Countywide Workforce Housing Study to Determine Housing Responsibility for New Employment Development	140	PRMD	JR	Feb 03 - Dec 04	Completed	Completed
30	Continue County Employee Assistance Program (SEIU represented job descriptions only)	140	CDC	n/a	ongoing	Ongoing	Completed & Ongoing
31	Increase Permanent Affordable Housing Stock through RDA Housing Set-Aside Funds	140	CDC	n/a	ongoing	Ongoing	Completed & Ongoing
32	Promote Interjurisdictional Cooperation to Solve Regional Infrastructure Problems	141	CAO, PRMD, County Dependent Districts	JR	New Program part of GP 2020 Update	Underway	GP2020 - Fall 2008
33	Issue Housing Bonds for Funding Affordable Units	141	CDC	n/a	beginning in 2001; TBD	In place and ongoing	Bond counsel and Co. Counsel not included
34	Consider Subsidizing County Impact Fees for Affordable Units	141	CDC, PRMD	JR	ongoing	Initiated	County Fund for Housing established
35	Lease County-Owned Land for Affordable Housing	141	CAO, General Services	n/a	ongoing	Underway	Continue Working w/ PRMD, Non-Profits to Identify Sites
36	Review Existing Impact Fee Structure	141	PRMD, CAO	JR	April 03 - Dec 03	Underway	Additional Study Needed
37	Convert Market-Rate Mobile Home Parks to Affordable Housing	142	CDC, Local Non-Profits	n/a	New Program beginning 2002; TBD	Not Started	As opportunities, resources become available.
38	Consider Equity Based Partnerships for Second Mortgages	142	CDC	n/a	TBD for expanded programs	Ongoing w/some programs	Ongoing
39	Support Establishment of a Community Land Trust	142	PRMD, CDC	unk	TBD	Initiated 7/05	As resources are available.

Housing Element Program	Short Program Description	H. E. Pg. No.	Responsibility	PRMD Staff	Time Frame	Status	Comments/Next Step
9.5 PROMOTE PRODUCTION OF SPECIAL NEEDS HOUSING UNITS							
40	Reduce Constraints on Group Homes and Transitional Housing	142	PRMD	KJ	Integrated Development Code	Underway	Complete inventory, work with Special Needs groups
41	Support Inter-Jurisdictional Housing Coordinating Committee	143	CAO	n/a	New Program beginning 2001	Not Started	Planning Directors meet monthly, discuss needs
42	Homeless Shelters in All Urban Zoning Districts with a Use Permit	143	PRMD	JR	May-03	Completed	Completed
43	Small-Scale Homeless Shelters in Urban Service Areas	143	PRMD	KJ	Integrated Development Code	Completed	Completed
44	Churches to Operate Homeless Shelters	143	PRMD	KJ	New Program part of Development Code	Underway	GP2020, Integrated Development Code
45	Build Permanent Homeless Shelters and/or Commit Stable Sources of Funding	143	CAO	n/a	ongoing	Ongoing	Russell Ave. opened 11/03. Finley in process.
46	Fund a Survey and Study of the Homeless through the Community Development Commission	144	Office of Commissions, CDC	n/a	New Program in 2001	Completed	Completed
47	County Homeless Shelter	144	CAO	n/a	New program, ongoing	underway	Completed
48	Inventory Existing Group Homes	144	CDC, PRMD	JR	Oct 03 - Feb 04	Initiated	Initial data collected; need inventory
49	Subdivision of Williamson Act Lands for Farmworker Housing	144	PRMD, CDC	JR	May-03	Completed	Completed
50	Continue Annual Funding of a Fair Housing Program	144	CDC	n/a	ongoing	In place and ongoing	Completed & Ongoing
9.6 IMPROVE ENERGY EFFICIENCY IN HOUSING							
51	Promote Energy Efficiency in New and Existing Residential Structures	145	CDC	n/a	ongoing	Ongoing	Incorporate into Design Manual, design underway
9.7 OTHER PROGRAMS							
52	Farmworker Camp		PRMD/CDC	JR	Feb 03 - Dec 04?	Completed	Completed
*53	Second Units as a Use by Right (ZPE Only)		PRMD	JR	May-03	Completed	Completed
*56	Fair Access Request Process		PRMD	JR	May-03	Completed	Completed

SONOMA COUNTY'S PROGRESS IN MEETING ITS REGIONAL HOUSING NEED ALLOCATION, 1999-2009 AS OF DECEMBER 31, 2007							
Targeted Income Group	Total Need	Need as % of Total Units	Permits Issued	Permits Approved Not Yet Issued	Total Provided	Provided as % of Need for Income Level	Remaining Need
Very Low Income	1,311	19%	651	0	651	50%	660
Low Income	1,116	17%	371	17	388	35%	728
Moderate Income	1,563	23%	368	8	376	24%	1187
Above Moderate	2,809	41%	1,956	127	2,083	74%	726
Total	6,799	100%	3,346	152	3,498	51%	3,301



Sonoma County Community Development Commission
Housing Authority • Redevelopment Agency
1440 Guerneville Road, Santa Rosa, CA 95403-4107
January 31, 2008

TO: Board of Supervisors
Bob Deis, County Administrator

FROM: Kathleen H. Kane, Executive Director

SUBJECT: County Fund for Housing – 2007 Annual Status Report

*Members of the
Commission*

Valerie Brown
Chairwoman

Mike Kerns
Vice Chairman

Tim Smith
Paul L. Kelly
Mike Reilly

This report provides an update on the status of the County Fund for Housing (CFH) through December 31, 2007.

Kathleen H. Kane
Executive Director

SUMMARY OF REVENUES AND LOAN ACTIVITY DURING 2007

Sources	As of 12-31-07
County General Fund	\$1,100,000.
State Local Housing Trust Fund (LHTF) Matching Grant	\$1,000,000.
*State HELP Loan	\$750,000.
Inclusionary & Workforce Housing In-Lieu Fees	\$2,483,871.
Loan Processing Fees	\$11,440.
Interest Earned	\$259,338.
Total Revenues	\$5,604,649.

Loans Out	
Sea Ranch	\$394,000.
Loans Committed	
West Hearn Veterans Transitional Housing	**\$1,400,000.
Fifth and Mill Guerneville Project	\$1,110,000.
Total Funds Out/Committed	\$2,904,000.

Available Funding	\$2,700,649.
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* The State HELP loan is short term funding to be paid back to the State by 2014.

** As of 12/31/07, the West Hearn project was approved for \$1,100,000; an additional \$300,000 was approved on 1/29/08, for a total loan of \$1,400,000 as of the date of this report.



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CFH continues to receive Inclusionary and Workforce Housing in-lieu fees and may receive additional resources from a percentage of the growth-related Transient Occupancy Tax (TOT) in 2008.

2007 ACTIVITY

- 1) Guerneville Fifth and Mill Street Project is a proposed rental housing development to be located on 1.59 acres in Guerneville, and consisting of 48 one, two and three bedroom units. The total budget is estimated at \$18,532,665, with the 2007 CFH award making up approximately 6% of the total funding. Additional future requests for Russian River Redevelopment, CDBG, HOME, and/or CFH funds are anticipated as the project progresses.
- 2) West Hearn Avenue Transitional Housing for Homeless Veterans Project is a residential facility for homeless veterans who could reside there for up to two years while receiving supportive services. The project proposes to renovate an existing board and care facility on 2.47 acres to include 12 beds. The total budget for this project is estimated at \$2,441,332. The project received an initial approval of a \$1,100,000 CFH loan on August 28, 2007, and an additional \$300,000 in CFH funds on January 29, 2008, for a total of \$1,400,000, making up approximately 57% of the total project funding.
- 3) CDC staff continues to promote the CFH to housing developers in differing venues, including pre-application meetings at PRMD, affordable housing events, and to developers requesting information on other CDC financing programs.

ISSUES RELATED TO USE OF CFH FUNDS

Historically, local funding represented between 5-10% of the total costs of new affordable housing developments, with remaining funds coming from federal, state, and private sources. We are now seeing a trend towards a larger portion of the development budget requiring local public subsidy. The Fifth and Mill Street Project in Guerneville is an example of this trend. In addition to the CFH loan, this project will also utilize Russian River Redevelopment, and possibly federal HOME and CDBG funding, bringing the potential local contribution to the range of 25-30% of total development costs. This increased need for local resources is due at least in part to increases in land and building costs, coupled with static or decreasing levels of other public and private funding sources. This local trend is consistent with the recent experience of other jurisdictions throughout the State and in other areas of the country.

CDC staff is available to discuss this report with you at your convenience. Please call me at extension 7504 should you have questions.

c: Pete Parkinson, Director, PRMD
 Peter Rumble, CAO Administrative Analyst